

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 2003-54-C - ORDER NO. 2003-504

AUGUST 14, 2003

IN RE: Application of Bee Line Long Distance, LLC	)	ORDER
DBA Hello Telecom for a Certificate of	)	APPROVING
Public Convenience and Necessity to Provide	)	APPLICATION
Interexchange Telecommunications Services	)	
and for Alternative Regulation.	)	

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Bee Line Long Distance, LLC d/b/a Hello Telecom ("Hello Telecom" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of interexchange telecommunications services within the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 2002) and the general regulatory authority of the Commission. By its Application, Hello Telecom also requested alternative regulation of its business services offerings identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C and requested waiver of certain Commission regulations.

The Commission's Executive Director instructed Hello Telecom to publish, one time, a Notice of Filing in newspapers of general circulation in the areas of the state affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the Application of Hello Telecom and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Hello Telecom complied

with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene or Protests were filed.

A hearing was convened on July 16, 2003, at 11:30 a.m. in the Commission's Hearing Room, Columbia, South Carolina. The Honorable Mignon Clyburn, Chairman, presided. Hello Telecom was represented by Bonnie Shealy, Esquire. Jocelyn G. Boyd, Staff Counsel, represented the Commission Staff.

Tod Bybee, Controller of the Company, appeared and testified in support of the Application. Mr. Bybee has been the Controller of Hello Telecom since 2001. He is responsible for all accounting functions and personnel. Mr. Bybee also maintains all financial statements. As a member of the management team, Mr. Bybee assists in making long and short term goals for the Company. Prior to his employment with Home Telecom, Mr. Bybee was the Purchaser-Fulfillment Manager for Emergency Essentials in Utah. As Purchaser-Fulfillment Manager, Mr. Bybee was responsible for twenty to forty employees, negotiated prices and took care of inventory control. Mr. Bybee graduated in 1998 from Utah Valley State College with a Bachelor of Science in Business Management.

Mr. Bybee described the nature of Hello Telecom's proposed service offerings within the State of South Carolina to demonstrate the Company's financial, managerial, and technical ability to provide the telecommunications services described in the Company's Application. Hello Telecom is a limited liability company organized in the State of Utah and has been authorized to transact business within the State of South Carolina.

Hello Telecom seeks authority to operate as a reseller of intrastate interexchange telecommunications services to the public on a statewide basis and to offer a full range of "1+" interexchange telecommunications services on a resale basis. Specifically, the Company seeks authority to provide MTS, out-WATS, and calling card services. According to the testimony, Hello Telecom will offer service to its subscribers using facilities of the communications networks of Global Crossing, other facilities-based IXC's, and the local exchange telephone companies.

Hello Telecom is currently authorized to provide telecommunications services in numerous states. Some of the jurisdictions where Hello Telecom is certificated to provide telecommunications services include District of Columbia, Iowa, Michigan, and New Jersey.

Mr. Bybee testified that Hello Telecom's tariff will comport with all orders, rules, and regulations of the Commission. The testimony also reveals that the Company will at all times provide and market interexchange carrier services in accordance with current Commission policies. Additionally, Hello Telecom provides interstate services in compliance with all FCC rules and regulations. Hello Telecom will charge the tariffed rates approved by the Commission. Mr. Bybee also testified that Hello Telecom will market its services through its website. The Company does not intend to use telemarketing in South Carolina.

According to the record, Hello Telecom has sufficient technical, financial, and managerial resources and the ability to provide the telecommunications services for which authority is sought in South Carolina. Regarding the Company's financial

resources, Hello Telecom's total current assets as of October 23, 2002, were \$71,714.02.

The Company's financial statements do not include any current liabilities.

The record reveals a description of one other member of management – Mr. Elmo Beutler. Mr. Beutler graduated in 1975 with a Bachelor of Arts degree from Brigham Young University. From 1982 to 1985, Mr. Beutler manufactured computer chips for National Semiconductor. Mr. Beutler, from 1985 to 1987 provided installation and computer service for long distance telephone equipment for National Applied Computer Technologies of Orem, Utah. From 1987 to 1993, Mr. Beutler operated Cambridge Communications of Huntsville, Texas, specializing in long distance reseller. Finally, in 1993, Mr. Beutler started Bee Line Long Distance.

Hello Telecom requests that the Commission regulate its long distance business services, consumer card, and operator service offerings in accordance with the principles and procedures established for alternative regulation in Orders Nos. 1995-1734 and 1996-55, as modified by Order No. 2001-997-C which was approved for AT&T and other similarly situated companies. Mr. Barley testified that Hello Telecom understands that the alternative regulation orders were modified by Order No. 2001-997 so that rate caps for operator-assisted calls where a consumer uses a local exchange carrier's calling card to complete calls from locations which have not selected that local exchange carrier as their toll provider. The testimony reveals that Hello Telecom also knows that the Commission's most recent Order imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per minute rate associated with these calls.

Hello Telecom seeks an exemption from any regulations or policies that might require a carrier to maintain its financial records in conformance with the Uniform System of Accounts (USOA). As a competitive carrier, the Company maintains its books in accordance with the Generally Accepted Accounting Principles (GAAP); and therefore, does not possess the detailed cost data required by the USOA.

The Company also requests a waiver of the requirements of 26 S.C. Regs. 103-610 which requires a carrier to keep all records required by the Commission's Rules and Regulations within the State of South Carolina. The Company's offices are in Utah and maintaining the Company's books in South Carolina would be unduly burdensome. Hello Telecom will have a registered agent in South Carolina and will bear any costs associated with the Commission's inspection of its books and records.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

#### **FINDINGS OF FACT**

1. Hello Telecom is organized as a corporation under the laws of the State of Utah and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Hello Telecom operates as a non-facilities based reseller of interexchange services and wishes to provide its services in South Carolina.

3. Hello Telecom has the experience, capability, and financial resources to provide the services as described in its Application.

### **CONCLUSIONS OF LAW**

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Hello Telecom to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Hello Telecom for its resale of residential services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Hello Telecom shall not adjust its residential rates below the approved maximum level without notice to the Commission and to the public. Hello Telecom shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16,

1993). Any proposed increase in the maximum rate level for residential services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 2002).

4. With respect to Hello Telecom's business services, consumer card, and operator service offerings, the Commission adopts a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to Hello Telecom also. These alternative regulation orders were modified by Order No. 2001-997 in Docket No. 2000-407-C which imposed a cap on operator-assisted calls where a consumer uses a local exchange carrier's calling card to complete calls from locations which have not selected the local exchange carrier as their toll provider. The provisions of this Order and this modification also apply to Hello Telecom.

5. If it has not already done so by the date of issuance of this Order, Hello Telecom shall file its revised tariff and an accompanying price list within thirty (30) days

of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

6. Hello Telecom is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

7. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

8. Hello Telecom shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Hello Telecom changes underlying carriers, it shall notify the Commission in writing.

9. With regard to the origination and termination of toll calls within the same LATA, Hello Telecom shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the FCC pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209). Specifically, Hello Telecom shall comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by Order No. 93-462.

10. Hello Telecom shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual



report and the gross receipt report will necessitate the filing of intrastate information. Therefore, Hello Telecom shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the Commission's website at [www.psc.state.sc.us/forms](http://www.psc.state.sc.us/forms). The title of this form is "Annual Information on South Carolina Operations for Interexchange Companies and AOS." This form shall be utilized by the Company to file annual financial information with the Commission. Commission gross receipts forms are due to be filed with the Commission no later than August thirty first of each year.

11. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. Hello Telecom shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The "Authorized Utility Representative Information" form can be found at the Commission's website at [www.psc.state.sc.us/forms](http://www.psc.state.sc.us/forms); this form shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

12. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

13. At the hearing, Hello Telecom requested a waiver of Reg. 103-610, which requires that records required by the Commission's Rules and Regulations be maintained in South Carolina. The record reveals that Hello Telecom's principal headquarters will be located in Utah and Hello Telecom requests permission to maintain its books and records at its headquarters in that state. The Commission finds Hello Telecom's requested waiver reasonable and understands the difficulty presented to Hello Telecom should the waiver not be granted. The Commission therefore grants the requested waiver that Hello Telecom be allowed to maintain its books and records at its principal headquarters. However, Hello Telecom shall make available its books and records at all reasonable times upon request by the Commission or the Commission Staff, and Hello Telecom shall promptly notify the Commission if the location of its books and records changes.

14. Hello Telecom also requests that it be exempt from record keeping policies that require a carrier to maintain its financial records in conformance with the Uniform System of Accounts (USOA). The USOA was developed by the FCC as a means of regulating telecommunications companies subject to rate base regulation. As a competitive carrier, Hello Telecom maintains its book of accounts in accordance with Generally Accepted Accounting Principles (GAAP). GAAP is used extensively by interexchange carriers. Moreover, Hello Telecom asserts that because it utilizes GAAP, the Commission will have a reliable means by which to evaluate Hello Telecom's operations and assess its financial fitness. Accordingly, Hello Telecom hereby requests

an exemption from the USOA requirements. We grant the Company's request for the reasons stated above.

15. Each telecommunications company certified in South Carolina is required to file annually the Intrastate Universal Service Fund (USF) worksheet. This worksheet provides the Commission Staff information required to determine each telecommunications company's liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than August 15<sup>th</sup>.

16. This Order shall remain in full force and effect until further Order of the Commission.

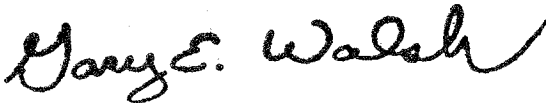
BY ORDER OF THE COMMISSION:



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Mignon L. Clyburn  
Chairman

ATTEST:



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Gary E. Walsh  
Executive Director

(SEAL)